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SUBJECT: SENEGAL HIGHLIGHTS MCC 609(G) GRANT

¶1. SUMMARY: Senegal's Finance Minister Aboualye Diop, with Foreign Minister Gadio at his side, signed a USD 13.4 million Millennium Challenge Corporation 609(g) grant to support the current Compact development effort. The DCM told a large press contingent that we remain hopeful that a Compact can be signed in the next five months.

Both Diop and Gadio are helpful to the MCC effort and the signing ceremony was valuable positive publicity for two ministers awaiting President Wade's decisions on cabinet changes in his very unpopular government. END SUMMARY.

¶2. On April 1, Senegal's Finance Minister, Abdoulaye Diop, convoked a large press contingent, including television, radio, and print media, to record his signing of a USD 13.4 million Millennium Challenge Corporation 609(g) grant to support the current Compact development effort. The agreement had already been signed by the MCC, but because of the unexpectedly public nature of Minister Diop's signing, DCM Jay T. Smith witnessed the agreement on behalf of the USG. Surprisingly, Foreign Minister Cheikh Tidiane Gadio came to Finance Ministry to also participate in the ceremony.

¶3. In his remarks to the press, the DCM explained that the previous effort to conclude a Compact with Senegal did not succeed, but that this grant demonstrated the USG in general, and the MCC and the Embassy in particular, are determined to do all we can to sign a Compact before the end of the fiscal year. Minister Diop noted that the current Compact proposal targets investments in important agriculture, road, and irrigation infrastructures. FM Gadio shared a detailed history of the efforts of both countries, and underscored that the Senegal team needed to continue working very hard and that the entire government would be on board to support the process. Gadio stated that the MCC would bring not only project funding to the country, but also provide the example of how to effectively invest in rural infrastructure in a manner that Senegal could emulate.

¶4. COMMENT: Ministers Diop and Gadio have long been among the best informed and helpful senior GOS officials trying to keep the GOS engaged with the MCC. They have also strongly advocated for budget resources and administrative support for the local technical team to fulfill its requirements (which to date it has done very well). Even though the MCC grant will not be managed by Diop's Treasury, the amount is newsworthy. Still, with a major cabinet overhaul expected in the coming weeks, we suspect some of the publicity push has to do with the two ministers demonstrating their value to President Wade and to a broadly dissatisfied Senegalese public.

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